Distinktion: Journal of Social Theory

ISSN: 1600-910X (Print) 2159-9149 (Online) Journal homepage: http://www.tandfonline.com/loi/rdis20

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Lisa Adkins & Turo-Kimmo Lehtonen

To cite this article: Lisa Adkins & Turo-Kimmo Lehtonen (2018) Price: an introduction, Distinktion: Journal of Social Theory, 19:2, 109-116, DOI: 10.1080/1600910X.2018.1501588

To link to this article: https://doi.org/10.1080/1600910X.2018.1501588

Published online: 29 Aug 2018.

DISTINKTION: JOURNAL OF SOCIAL THEORY
2018, VOL. 19, NO. 2, 109–116
https://doi.org/10.1080/1600910X.2018.1501588

Routledge
Taylor & Francis Group

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Price: an introduction

Lisa Adkins [a] and Turo-Kimmo Lehtonen [b]

[a]Head of the School of Social and Political Sciences, University of Sydney, Sydney, Australia; [b]Faculty of Social Sciences, University of Tampere, Tampere, Finland

This special issue is concerned with price and pricing. It seeks to locate price as a critical socio-theoretical concern and as a socio-theoretical problem. This is by no means the first time price has been located in such terms. Marx located the question and problem of price as fundamental to the analysis capitalism (not least the question or problem of the transformation of the value of commodities into prices); while Simmel took issue with the conflation of price and value that he saw in the work of economists and opened the relations between price and value out to critical investigation. Both Marx and Simmel, then, understood that price was more than a simple or direct expression of economic value and located price and processes of pricing as serious objects of socio-theoretical study.

Despite these classical antecedents, within contemporary social theory and the discipline of sociology, it would be fair to say that the study of price and pricing has, up until recently, been marginal. This is not withstanding excellent and highly scholarly studies of pricing and price formation within the sub-discipline of economic sociology (see e.g. Beckert 2011; Bourdieu 2005; Granovetter 1985; Polanyi 2001). More recently, however, a swathe of exciting, boundary pushing analyses of price formation and of prices as things-in-themselves has emerged (see e.g. Çalişkan 2007; Garcia-Parpet 2007; Holm and Nielsen 2007; Muniesa 2007, 2014). While the former worked towards establishing the social (and particularly the institutional) determinants of pricing (and often did so via the embrace of the embeddedness logic paradigmatic of this branch of sociology), the latter (often drawing of strands of pragmatic philosophy and actor network theory) has suggested that prices should themselves be understood as an active force and should be so especially in regard to market making. And while the latter rejects the social determinism of the former, the former sees the refusal of latter to engage with the social and political dimensions of price formation as tantamount to a refusal of an explanation (and a politics) of price.

In this special issue, we seek to go beyond the idea that there are two straightforwardly competing or antithetical socio-theoretical positions in regard to price, and we certainly do not set out to attempt to enable one position to trump another. Instead, we hope to show how in-the-world instantiations of price and pricing bring such a narrow perspectivism into question. Our contributors all set out – in their different ways – how the processes of pricing often defy existing logics and classifications and demand new orientations. They point, in other words, to *in-the-world shifts to price and pricing*. What our

CONTACT Lisa Adkins lisa.adkins@sydney.edu.au Head of the School of Social and Political Sciences, University of Sydney, Sydney, NSW 2006, Australia

contributors show, moreover, is that a socio-theoretical engagement with price is certainly not the preserve of economic sociologists alone, indeed that what is at stake for social theory in the question of price – including incipient forms of inequality, the dynamics and character of public authority, the speculative movements of finance and the relationship of the present to the future – may best be opened out via alternative traditions and emerging schools of thought. In this special issue our contributors show, for example, how what is at stake in the question of price can be productively opened out by feminist new materialism, new media theory, systems theory and particular strands of affect theory. What unites our contributors, then, is that they are all concerned with what is at stake for social theory in the question of price.

They all focus on the issue of what a broad interrogation of price can surface for social theory and for the social sciences more broadly stated.

Drawn from the disciplines of Sociology, Political Economy, Cultural Studies, Media Studies and Economics and Finance, the contributors set these concerns and questions in specific case studies including state experiments with price and pricing, the housing price nexus, public health body image initiatives, central bank policies, the attention economy, and the LIBOR benchmark rate. While the range of substantive topics is broad in scope, nonetheless, what our contributors prominently describe and discuss is the fundamental multiplicity of price, and a context of persistent instability and indeterminacy in regard to price and pricing. It is shown that price can be, for example, a sensation, an affect, a potential, an entanglement, a value, a benchmark, an experiment, a value, a measure or an engagement with the future. But at the same time all of the contributors recognize that the problem of the ontology of price is fundamental to capitalism and that this problem is mutating in the context of a proliferation of pricing technologies – from the apparently localized operations of devices such as surge pricing through to the ostensibly abstract techniques of financial instruments designed to continuously contest price.

The mutation of the problem of price has surely been most dramatically underscored by the shifts to the dynamics of price linked to the broad process of financial expansion from the late 1970s onwards, and especially the socio-technical developments in finance markets associated with this expansion. The process of arbitrage stands as a case in point. Classically, arbitrage concerned a form of trading which, through processes of buying and selling, sought to exploit differences between prices of the same financial asset (for instance of gold) in different places to yield profits. As Hardie and Mackenzie (2012) have elaborated, in a context where the possibilities of such differences have decreased (not least due to the advent of electronic trading), arbitrage has come to consist not of the exploitation of discrepancies in price of the same asset, but in the price of *similar* assets. Examples of such similar assets include government-issued bonds and bonds giving government guarantees backed by pools of mortgages; shares of legally distinct but economically integrated companies; newly and previously issued government bonds; and stocks and the futures of such stocks (Hardie and Mackenzie 2012, 193). In such circumstances, the process of arbitrage becomes less about the exploitation of differences in price of different assets and more about a process of the contestation of price, not least because of the process of commensurability this process unfolds.

One consequence of this contestation is that it must be recognised that financial markets are price-setting arenas, albeit prices which are unstable and open to constant contestation. A further consequence is that the distinction between arbitrage and speculation is increasingly blurred, with price itself emerging as a speculative proposition. Indeed, as Bryan and Rafferty (2014) make clear, in modern financial markets, it is not only the difference in the price of different assets which is traded via processes such as arbitrage, but price itself as a discrete attribute. In modern finance markets, then, price has become tradable in and of itself, with a range of financial instruments (such as futures, options and swaps) designed specifically to continuously contest price to maximize and multiply such tradability (see also Konings 2010).

Shifts to the mechanisms of price and of pricing have also been made explicit in the operations of contemporary markets for mortgages and consumer finance and especially by the risk-based pricing that modern money lenders operationalize in their calculations of consumer borrowing. Enabled by the process of securitization, in such models the price of borrowing is calculated via a calculus of risk in which the attributes of everyday borrowers (such as health, employment status, age, gender, race and place of residence) are translated into categories of financial risk to lenders (including possibilities of future loan default). Taking off in the 1980s (and operating in concert with techniques of credit scoring), risk-based pricing serves as a technique through which institutions of credit seek to manage uncertainty (Aalbers 2008; Langley 2008). It does so, moreover, by working across a hierarchy of differences in regard to borrowers. As Allon (2014) has elaborated, in risk-based pricing, difference is a 'criteria by which one is situated on a grid or spectrum of risk, with one's degree of 'difference' accurately defined and priced accordingly' (Allon 2104, 23). Risk-based pricing has, therefore, not only opened out a specific mode of pricing based on calculations of financial risk, but has done so by pricing difference as positions or spots on a continuum of risks. Risk pricing, therefore, translates socially constituted differences – such as gender, race, class and age – into financial risk positions, tying everyday borrowers to the most general movements of finance markets.

Transformations to price and pricing are, however, by no means limited to the operations of finance and to the processes associated with the broad process of financialization. Alongside developments such as risk-based pricing other novel mechanisms of price have emerged. One example is found in surge (or dynamic) pricing found in peer-to-peer, sharing or gig platform marketplaces used by companies such as Uber, Lyft, Task Rabbit and Airbnb. The ride sharing/taxi company Uber, for example, uses a surge algorithm which multiplies standard fares when demand and supply for car ride services are unbalanced. Prices surge (that is, are multiplied) when demand outstrips supply. According to Uber economists surge pricing acts as mechanism to 'equilibrate supply and demand' (Hall, Kendrick, and Nosko 2016, 1) by encouraging more drivers to go online at moments of high demand. Hawked as 'disruptive innovations', such modes of pricing operate alongside and are challenging pre-existing models of price. Thus, in its operational sites (cities), Uber's dynamic pricing is actively challenging the models of price – especially those based on variables such as time and distance – set down by licensed taxi regulators.

What emerges from this scene is a picture of price and pricing in modern-day capitalism as multiple and dynamic and of prices which are difficult to control and infinitely contestable. Indeed, drawing on Dewey's (1939) observation that price is only one potential mode of valuation, economic sociologists have pointed not simply to the multiplication and transformation of pricing models and mechanisms, but those of valuation more generally. Stark (2009), for example, has pointed to the heterogeneity of value and of valuations in organizations while Boltanski and Thévenot ([1991] 2006) have explored multiple orders of economic worth. One consequence of this multiplicity is that the relationship between market prices and other orders of worth is ‘a moving target’ (Fourcade 2011, 43). It is, then, not just that price exists in multiplicity in contemporary capitalism, but that very multiplicity has in part been constituted by the emergence of a range of overlapping and competing modes of valuation.

The dynamism and instability of price and prices is regularly cast by political economists and other social scientists working with a political economy inflection as an issue of deregulation, and especially as an issue of the withdrawal of the state and of quasi-state agencies from the co-ordination of price via centralized price-setting mechanisms. The instability and multiplicity of price and of prices is, in other words, regularly cast as an issue of the cutting loose of price from regulatory anchors, its externalisation, and as the outcome of the free play of the market and market-based competition as part of the broader shift away from the post-war Keynesian management of economy to one managed via the principle of market competition. Here, then, the rationality of neoliberalism, and especially the subordination of the authority of the state to the authority of the market, is located at the very core of transformations to price.

Indicative here is current instability and volatility in regard to wages, that is, to the price of labour, and especially the downwards pressure on wages characteristic of contemporary capitalism. Such instability and unpredictability are regularly posed as the outcome of the break-up of state sponsored collective wage agreements operating at national levels and the opening out of wages to perpetual market competition, especially their ‘setting’ via market mechanisms such as competitive tendering (see e.g. Peck and Theodore 2012; Wills 2009). Harvey (2010), for example, locates the ongoing process of the devaluation of wages as an outcome of the disassembly of the Keynesian state and of the regulatory mechanisms it entailed and the ascendency of the authority of the market. Wages, however, serve as only one example of how instability in regard to price is understood as an outcome of the withdrawal of the state from centralized regulatory activities. Thus, similar accounts of transformations to price can be found in analyses of household utilities, transport, government bonds, education, pension schemes and health to name just a few (see, e.g. Clark 2005; Graham and Marvin 2002; Hacker 2008). Indeed, at a more general level, Bryan and Rafferty (2005) have suggested that market led instability in regard to price is connected to the withdrawal of the state from the work of stabilizing the money system itself. While they rightly note that current price instability – or prices without state guarantees – does not equate to an instability of capitalism, nonetheless they are clear that this instability and dynamism has been set in play by the withdrawal of the state from its previous stabilizing functions in regard to money.

But is it accurate to locate the market and the state in such opposing terms in regard to price and pricing? Are present-day transformations to price correctly pegged as an issue of the withdrawal of the state from processes of price formation, the externalization of these processes and their transformation in and by the free play of the market? In posing these questions, we are mindful of analyses which have contested the widespread view that at the core of the neoliberal economic order is a thoroughgoing or straightforward process of deregulation. Konings (2010), for example, has highlighted how the formation and expansion of neoliberal finance markets has not concerned a simple process of the subordination of state authority to the forces and power of finance markets (that is, a process of deregulation). He highlights instead how the emergence and growth of such markets has involved a process in which 'new organizational linkages were forged and particular relations of institutional control were constructed and consolidated' (Konings 2010, 5). Fundamentally, Konings argues, financial expansion must be understood as a 'process of institutionalization' (Konings 2010, 5). Similarly, in recent studies on infrastructure resilience and catastrophe preparedness, but also on health and welfare, authors have shown multiple ways in which the story of 'neoliberalization' has to be complicated. For example, private forms of insurance are often used to support state institutions, and as social and commercial goals are entangled with each other in the practices of pricing, it is in the end not always easy to say what is 'private' and what is 'public' (Collier 2014; Elliott 2017; Jarzabkowski et al. 2015; Lehtonen 2017a, 2017b; Silvast 2017).

What, we might ask, is the import of such analyses for understanding transformations to price and to pricing? Should the assumption that price instability and multiplicity is the outcome of deregulation and the unfettered play of market-based price setting be handled with caution? Certainly, the contributors to this special issue suggest that it should not only be handled with caution but be rejected. Konings, for example, sets out how the governance of finance is speculative in character, that is, how public authority engages in the very logics of the price contestation that it ostensibly stands outside. The active engagement of the state with the contestability of price is also underscored in the contribution from Adkins and Ylöstalo. Here, however, rather than on monetary policy, the focus is on non-monetary and non-conventional forms of public policy, and especially experimental policies. In her contribution, Coleman points to how the non-market/market distinction on which the very idea of deregulated prices rests thoroughly effaces how price is an entanglement of (as she terms it) the cultural and the economic. Moreover, she stresses how such entanglements are productive of material entities. For Coleman, then, rather than an expression of something else (such as an underlying value or a set of preferences) price must be understood as an active force.

An additional aspect foregrounded by Coleman's paper, namely the relationship between affect and price, is in the focus of Paasonen's contribution to the special issue. Paasonen studies the forms of value production in social media, that is, the modes of exchange taking place between individuals, groups, screens, algorithms and capitalist corporations, and how these are related to the affects and expectations of boredom or excitement. Paasonen's contribution describes how incommensurable scales of value need to be actively aligned to create monetary value through social media, but also how these scales of value can clash with each other. Importantly, as she demonstrates, the question of price and value cannot be reduced to a simple one-directional exploitation of the personal for the purposes of capital accumulation, although this perspective, obviously, remains important as well. Paasonen's contribution shares in common with McFall and Moor's a concern with paying close attention to the multiplicity of price formation and its relationship to the shaping of personhood in the context of what has become known as Big Data. The possibilities of manipulating economic action and its structures provided by new digital technologies are currently surrounded by a great hype, both dystopian and utopian. And indeed, the new technologies for tracking, analysing, circulating, and monetizing uses of digital information certainly do make a difference; they can transform some aspects of the way in which the relationship between personhood, responsibility, security, markets and price is enacted. Yet, as McFall and Moor emphasize in their focus on the emerging forms of digital insurance, 'insurtech', these changes have to be seen in a broader historical context. All economic technologies have their particular ways of formatting the scope of possibilities relevant for the ways in which one can be a ‘person’, and for the ways in which some aspects of personhood can and will be priced. In this respect, the new technologies of insurance are no different than older technologies albeit that they do, in fact, assemble a new kind of multiplicity around questions of the ‘right’ price.

Starting off with the housing market in Sydney, Allon and Barrett tackle head-on the neoclassical theory of pricing, and its criticisms. Through their case study, they show that it does not make sense to regard prices simply as neutral outcomes of aggregated individual decisions. Yet, according to them, it would be equally misleading to see prices just as passive results of a power game played elsewhere. Allon and Barrett seek, therefore, to show how price can be examined as a materiality that is politically productive in itself. If housing is a classical topic for studies on price, Stenfors and Duncan’s piece on the making and unmaking of the London Interbank Offered Rate (LIBOR) confronts an object that has been at the core of the financial world in recent years but that, after a major scandal, will soon cease to exist. The authors show how LIBOR came to achieve a status of an ‘objective fact’, and how it was constructed as the major benchmark for international financial trade. At the core of such a story is the crucial insight that such a benchmark is, as Stenfors and Duncan make clear, always susceptible to manipulation. Being a construction implies that it can be made and unmade, and that its way of setting up pricing practices is fundamentally a question of power and trust.

Notes on contributors

Lisa Adkins is Head of the School of Social and Political Sciences at the University of Sydney and Academy of Finland Distinguished Professor (2015–2019). Her contributions to the discipline of sociology lie in the areas of economic sociology, social theory and feminist theory. Recent publications include *The Time of Money* (2018), *The Post-Fordist Sexual Contract: Working and Living in Contingency* (with Maryanne Dever, 2016) and *Measure and Value* (with Celia Lury, 2012). She is joint Editor-in-Chief of *Australian Feminist Studies* (Routledge/Taylor & Francis).

Turo-Kimmo Lehtonen is Professor of Sociology at the University of Tampere, Finland. His present work centres on two different topic areas, one of which is insurance and the management of uncertainty, and the other the role of waste in the contemporary way of life, more specifically practices of dumpster diving, which he studies in a joint project with Olli Pyyhtinen. Lehtonen’s recent publications include ‘Latour’s empirical metaphysics’, *Distinktion* (2016, jointly with Nora Hämäläinen), ‘Objectifying climate change: Weather-related catastrophes as risks and opportunities for reinsurance’, *Political Theory* (2017), ‘Domesticating insurance, financializing family lives: The case of private health insurance for children in Finland’, *Cultural Studies* (2017), and ‘From trash to treasure: Valuing waste in dumpster diving’, *Valuation Studies* (forthcoming in 2018, jointly with Olli Pyyhtinen).

Disclosure statement

No potential conflict of interest was reported by the authors.

Funding

This work was supported by Academy of Finland [Grand Numbers 283447, 312624, 282955, 282970].

ORCID

Lisa Adkins http://orcid.org/0000-0001-7003-0406
Turo-Kimmo Lehtonen http://orcid.org/0000-0002-6063-2056

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